

Message Text

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FM AMEMBASSY SAN JOSE

TO SECSTATE WASHDC 7644

UNCLAS SAN JOSE 2831

PASS TO MR. ROBERT JORDAN, OPIC

E.O. 11652: NA

TAGS: BCOM, CS

SUBJECT: CODESA'S ARTICLE ON INVESTMENT
CLIMATE IN COSTA RICA

THE FOLLOWING IS EMBASSY'S TRANSLATION OF
CODESA'S ARTICLE "THE INVESTMENT CLIMATE IN
COSTA RICA" WHICH WAS POUCHED JULY 17.

COSTA RICA IS A COUNTRY IN COMPLETE
ECONOMIC APOGEE, WHOSE EXPANSION
HAS BEEN SUSTAINED FOR A DECADE.
THIS IS THE RESULT OF A CONTINUOUS
EFFORT OF THE PRIVATE AND PUBLIC
SECTORS TO EXPAND THE PRODUCTIVE
CAPACITY OF THE COUNTRY.

AS A COROLLARY, THERE EXISTS A VERY
FAVORABLE CLIMATE FOR INVESTMENT
AND FOR THIS REASON THE MEDIUM
AND LONG TERM PERSPECTIVES ARE
EQUALLY PROMISING.

ITS ECONOMY, LIKE OTHER ECONOMIES IN
THE WESTERN HEMISPHERE, HAS BEEN
AFFECTED BY INCREASED PRICES, PARTICULARLY
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OF FUELS. DESPITE THIS COSTA RICA HAS

MAINTAINED A VIGOROUS GROWTH. IN 1973, AFTER THE DISCOUNT OF THE INFLATIONARY EFFECT, THE REAL GROSS INTERNAL PRODUCT INCREASED 7.5 PCNT ACCORDING TO THE ESTIMATES OF THE INTERNATIONAL MONETARY FUND.

THIS GIVES AN IDEA OF THE FAST AND SOLID DEVELOPMENT OF THE COSTA RICAN ECONOMY AND IT IS ALSO A DIRECT REFLECTION OF THE INCREASE IN INVESTMENTS OBTAINED RECENTLY.

IN 1972, FOR INSTANCE, THE GROSS INVESTMENT REACHED 24.8 PCNT OF THE INTERNAL GROSS PRODUCT OF THAT YEAR AND IT GIVES A GOOD INDICATION OF THE NATIONAL ECONOMY'S VITALITY. IT IS IMPORTANT TO NOTE THAT A SIGNIFICANT PORTION OF THE TOTAL INVESTMENTS WAS FINANCED WITH FOREIGN RESOURCES, BOTH THROUGH DIRECT INVESTMENTS AND LOANS. ACCORDING TO THE FORECAST OF THE 1974-1978 NATIONAL DEVELOPMENT PLAN, FOREIGN INVESTMENT WILL CONTINUE TO BE AN IMPORTANT FACTOR, ALTHOUGH ITS PARTICIPTION IN THE FINANCING OF ECONOMIC ACTIVITY WILL DECREASE AGRADUALLY.

THE COSTA RICAN DEVELOPMENT CORPORATION (CODESA), WAS ESTABLISHED IN NOVEMBER 16, 1972 UNDER COSTA RICAN LAW NO. 5122, AND COMMENCED ACTIVITIES IN FEBRUARY 16, 1973. ITS MAIN OBJECTIVE IS TO PROMOTE NATIONAL ECONOMIC DEVELOPMENT THROUGH A VARIETY OF INVESTMENT ACTIVITIES SUCH AS:

A) PREPARE, PROMOTE AND EXECUTE
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SPECIFIC ECONOMIC PROGRAMS, BOTH NATIONAL AND REGIONAL.

B) PARTICIPATE IN PROGRAMS AND PROJECTS BOTH INTERNATIONAL AND MULTINATIONAL.

C) MANAGE, CONSOLIDATE AND GIVE TECHNICAL ASSISTANCE TO EXISITING

ENTERPRISES.

E) GRANT LOANS TO BOTH NEW AND
EXISTING ENTERPRISES, GIVING
PREFERENCE TO THOSE FIRMS WHICH OWN
SHARE OF STOCK IN CODESA.

F) PROVIDE ENDORSEMENTS AND WARRANTY
BONDS TO FACILITATE CREDIT TO BOTH NEW
AND EXISTING ENTERPRISES AND TO OTHER
LOCAL AND FOREIGN INSTITUTIONS.

G) ENCOURAGE DEVELOPMENT, IN A
SYSTEMATIC AND PERMANENT WAY, OF THE
LOCAL CAPITAL MARKET.

H) PROMOTE EXPORTS.

UNDER THESE OBJECTIVES CODESA IS IN THE
BEST POSITION TO PROMOTE, CARRY OUT OR
PARTICIPATE TOGETHER WITH LOCAL ENTERPRISES
WITHIN THE PRIVATE SECTOR IN INVESTMENTS
TO ESTABLISH BOTH HIGH PRIORITY AND BIG
PROJECTS.

A COSTA RICAN ENTERPRISE IS ONE WHICH HAS
AT LEAST 50 PCNT OF COSTA RICAN CAPITAL AND
THIS IS THE REASON WHY JOINT VENTURE
ENTERPRISES ARE VERY WELCOME.
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